

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Baa3 to Southeast Travis Co. MUD No. 1, TX's GO's

30 Apr 2026

New York, April 30, 2026 -- Moody's Ratings (Moody's) has assigned a Baa3 rating to Southeast Travis County Municipal Utility District No. 1, TX's Unlimited Tax Road Bonds, Series 2026 with an estimated par amount of \$4.1 million. We maintain the Baa3 issuer rating and Baa3 rating on the district's previously issued general obligation unlimited tax (GOULT) debt. Post issuance, the district will have approximately \$23.2 million of general obligation unlimited tax (GOULT) debt outstanding.

RATINGS RATIONALE

The Baa3 issuer rating reflects the built out district's average resident income, which is estimated at 101% of the US using the local school district (Del Valle) as a proxy. The rating also considers the district's strong fund balance relative to revenues at 199% that is expected to improve with a budgeted \$2.2 million surplus in fiscal 2026 (September 30 year end). The available fund balance to liabilities ratio is narrow at 13% in fiscal 2025, but in line with peers. Leverage will remain elevated at 15% and above medians with plans for additional debt issuance. The district benefits from a lack of pension and OPEB obligations, which is common among Texas municipal utility districts.

The Baa3 rating assigned to the district's GOULT bonds is equivalent to the Baa3 issuer rating given a pledge of an unlimited property tax that is dedicated for debt service and levied upon all taxable property within the district.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Significant reduction of long term liabilities ratio approaching 10% of full value
- Sustained increase in fund balance to long-term liabilities approaching 15%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Significant and sustained increase in the long term liabilities ratio that meaningfully exceed 15%
- Sustained trend of operational deficits

PROFILE

Southeast Travis County MUD No. 1, TX is located 12 miles southeast of Austin, TX in Travis County, TX and wholly within the city's extraterritorial jurisdiction. Spanning approximately 188 acres, the district was created for the purposes of providing, operating, and maintaining facilities to control storm water, distributing potable water, collecting and treating wastewater, and providing and operating park and recreational facilities. However, all water and wastewater operations are conducted by the City of Austin pursuant to a consent agreement and strategic partnership agreement executed in 2012. The district's estimated population is 1,873.

METHODOLOGY

The principal methodology used in this rating was US Special Purpose Districts published in December 2025

and available at <https://ratings.moody.com/rmc-documents/455982>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

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